Group Selection
Priced as of September 24, 2013

Note: Group tickers incorporate hyperlinks to decile charts, and then a link to our Toolkit of the group members.

See back pages for user guide and disclaimer.
Sources for all charts: BMO Capital Markets
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Sector View

Strength

Momentum

2013-09-24

Utilities

Materials

Industrials

CMR Disc

CMR Stap

Hlth Care

Financials

Info Tech

Telecom

CMR Disc

Energy

% Outperforming

Hyperlink

US/GBL/CDA

Reward/Risk

US/GBL/CDA

Trend Psn

US/GBL/CDA

Energy

36% / 41% / 55%

14% / 4% / -2%

Materials

23% / 27% / 37%

16% / 8% / 6%

Industrials

48% / 58% / 72%

22% / 9% / 3%

CMR Disc

60% / 67% / 77%

9% / -1% / -6%

CMR Stap

40% / 49% / 63%

7% / -1% / -4%

Hlth Care

56% / 63% / 75%

5% / -5% / -11%

Financials

41% / 50% / 67%

10% / -1% / -8%

Info Tech

59% / 65% / 77%

12% / 3% / -2%

Telecom

42% / 54% / 72%

21% / 9% / 2%

Utilities

26% / 36% / 50%

18% / 5% / 1%

*Three terms define the relative performance Z-Score rating versus the markets (US = S&P 500; GBL = S&P Global 1200; CDA = S&P/TSX Composite)

(a) % Outperforming - what percentage of sector members is outperforming the market,

(b) Reward/Risk - how consistent the median relative strength performance of the sector membership (ranking), and

(c) Trend Psn - what is the net percentage of the sector members which are breaking above/below relative strength channels.

The strength z-Score is weighted 60% towards the trend parameters (% outperforming and reward/risk ratios) and 40% towards the trend positions (reversals of trends). Gridlines are placed at 0.5 increments.
September 24, 2013

Momentum

Strength

Energy

BMO Capital Markets
Mark Steele (416) 359-4641

Int O&G
34 stocks; $2151bn

OG StTr
78 stocks; $557bn

OG Equip
33 stocks; $467bn

OG Drill
31 stocks; $125bn

OG E&P
227 stocks; $1144bn

OG RfMkt
50 stocks; $318bn

Coal&Uran
37 stocks; $105bn

34 stocks; $2151bn

50 stocks; $318bn

78 stocks; $557bn

227 stocks; $1144bn

37 stocks; $105bn

34 stocks; $2151bn

50 stocks; $318bn

78 stocks; $557bn

227 stocks; $1144bn

37 stocks; $105bn
September 24, 2013

Telecommunication Services

Momentum

Strength

WlsTelSrv ↑ 46 stocks; $1031bn

IntgTelSrv ↓ 65 stocks; $1205bn

AltCar ↓ 14 stocks; $48bn

Mark Steele (416) 359-4641
Group Strength
Our Global Group analysis is based on bottom-up equity relative strength analysis as opposed to industry group (index) relative strength analysis.

Strength Decile Defined By
1. What percentage of a group's members are outperforming
2. How consistent that outperformance is
3. How are the members positioned (above/below) vs. their trend channels.

Momentum Decile
Rate of change of strength (change in 5-day moving average)

The Underlying Equity Relative Strength Analysis
Each day, for every equity we cover, our relative strength system assesses the best fit trend from a spectrum which covers a minimum trend duration of six months, and a maximum of 4-years. The "best fit" is the trend which maximizes duration, and minimizes deviations from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,000 securities.
- Groups have a:
  ...Median depth of 25
  ...Average depth of 35

Heat Map Colour and Symbol Guide
Strength is highlighted by the background of the group title
- Bright green = best (1st decile) transitions towards...
- Bright red = worst (10th decile)

Momentum is highlighted in the border of the group title
- Colour map for momentum is the same as strength

Symbols to the right of the group ticker show where a group moved from in the previous session. Below the group symbol we highlight the number and total market capitalization of the members of a group. Clicking on the group, which brings up the chart via a hyperlink, will help to clarify the moves.
User Guide 2 - Momentum

Our Goals:
- To buy outperforming stocks in favoured groups
- To avoid underperforming stocks in unfavoured groups
- To be alerted of and act on the changes

#1 Rule of Momentum: You can use it only if it exists

- In stable/trending markets, one can buy stocks with high strength and momentum and hold them as long as momentum does not turn negative (trend following).

- In very rotational markets (e.g., where credit, currency, commodity conditions are choppy/changing):
  - Buying high strength and high momentum may be dangerous (buying yesterday’s winners).
  - One is better off buying stocks with moderate strength and high momentum (bottom fishing).

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![Diagram showing momentum strategies with arrows indicating buy, hold, trim/sell, and bottom fishing.](image-url)
**User Guide 3 - Buy/Hold/Sell**

**Buy**
- Groups with high strength and high positive momentum (top left) - “In Favour”
- Groups with moderate strength and high positive momentum - “Transitioning to Positive”
- Groups with mediocre strength and high positive momentum - “Gaining Favour”

**Buy/Hold**
- Groups with high strength and neutral momentum (middle left) - “Maintaining Favour”

**Sell**
- Groups with low strength and high negative momentum (bottom right) - “Out of Favour”
- Groups with moderately negative strength and high negative momentum - “Transitioning to Negative”
- Groups with mediocre strength and high negative momentum - “Losing Favour”
- Each group is hyperlinked to a chart that shows the relative strength decile as a function of time, and the 5-day and 20-day moving averages (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<table>
<thead>
<tr>
<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>Starmine Universe</th>
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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>37.0%</td>
<td>17.7%</td>
<td>52.9%</td>
<td>38.5%</td>
<td>50.5%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>60.7%</td>
<td>9.6%</td>
<td>47.1%</td>
<td>57.3%</td>
<td>48.4%</td>
<td>40.6%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>4.2%</td>
<td>1.0%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
NR = No rating at this time;
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